



**DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM
YEAR ENDED JUNE 30, 2000**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2001-37
May 10, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2001

www.auditor.state.mo.us

The following areas of concern were discovered as a result of an audit conducted by our office of the Department of Higher Education, State Guaranty Student Loan Program.

For the year ended June 30, 2000, the State Guaranty Student Loan Program of the Department of Higher Education had approximately \$720,000 in fixed assets. Our review of the program's fixed asset records and procedures indicated the following areas where improvements are needed:

- The detailed fixed asset records are not complete. The department did not record any fixed asset additions or dispositions on the detailed fixed asset listing for the year ended June 30, 2000.
- Property records are not maintained in a manner that allows beginning balances, additions, and dispositions for each year to be reconciled to balances at the end of each year.
- Reconciliations between fixed asset purchases recorded on the Statewide Advantage for Missouri (SAM II) expenditure reports and additions to the fixed assets records are not performed. Performing these reconciliations would provide assurance that fixed asset items purchased are properly included in the property records and controlled.
- Some fixed assets are not properly numbered, tagged, or otherwise identified as the department's property, and fixed asset duties are not adequately segregated. The same individual performs the annual inventory and maintains the records of fixed assets.

In our prior audit of this program (report 2000-27), we found the department experienced difficulties implementing a revision to its default aversion billing process, which caused some loans to be billed more than once and affected the calculation of default aversion fees. The Department of Higher Education received default aversion fees for providing default aversion activities on delinquent loans.

We recommended the Department of Higher Education consult with the U.S. Department of Education and ensure they were properly calculating the fees. In addition, we recommended they ensure no duplicate billing occurs. These recommendations were implemented.

YELLOW SHEET

DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS

Honorable Bob Holden, Governor
and
The Coordinating Board for Higher Education
and
Dr. Kala M. Stroup, Commissioner
Department of Higher Education
Jefferson City, MO 65109

We have audited the accompanying financial statements of the various funds of the State Guaranty Student Loan Program of the Department of Higher Education as of and for the year ended June 30, 2000, as identified in the table of contents. These financial statements are the responsibility of the program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the State Guaranty Student Loan Program as of June 30, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated February 15, 2001, on our consideration of the program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Statistical Section is presented for informational purposes. This information was obtained from the program's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

An integral part of the program's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



Claire McCaskill
State Auditor

February 15, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Alice M. Fast, CPA, CIA
In-Charge Auditor:	Tara L. Shah, CPA
Audit Staff:	Michael J. Monia Thomas Fox



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Honorable Bob Holden, Governor
and
The Coordinating Board for Higher Education
and
Dr. Kala M. Stroup, Commissioner
Department of Higher Education
Jefferson City, MO 65109

We have audited the financial statements of the State Guaranty Student Loan Program of the Department of Higher Education as of and for the year ended June 30, 2000, and have issued our report thereon dated February 15, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the State Guaranty Student Loan Program are free of material misstatement, we performed tests of the program's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the State Guaranty Student Loan Program, we considered the program's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters

coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the program's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Management Advisory Report.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of the State Guaranty Student Loan Program and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

February 15, 2001 (fieldwork completion date)

Financial Statements

Exhibit A

DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM
COMBINED BALANCE SHEET
JUNE 30, 2000

	Special Revenue Funds				Agency Fund	Account Groups		Total (Memorandum Only)	
	Federal	Guaranty	Restricted	Restricted	Automatic	General Fixed	General Long-Term	June 30,	June 30,
	Student Loan Reserve Fund	Agency Operating Fund	Reserve Fund	Interest Fund	Transfer of Money (ATOM) Fund	Asset Account Group	Debt Account Group	2000	1999
ASSETS AND OTHER DEBITS									
Cash and investments	\$ 34,595,581	8,612,013	19,453,002	1,511,025	287,251	0	0	64,458,872	57,440,714
Due from federal government:									
Reinsurance	2,542,838	0	0	0	0	0	0	2,542,838	5,284,091
Loan processing and issuance fee	0	184,770	0	0	0	0	0	184,770	322,928
Account maintenance fee	0	519,509	0	0	0	0	0	519,509	0
Guarantee fees receivable	61,536	0	0	0	0	0	0	61,536	53,009
Interest receivable	5,690	1,073	0	0	0	0	0	6,763	91,110
Allowance for default aversion rebate	300,000	0	0	0	0	0	0	300,000	0
Due from other funds	4,117,008	636,981	0	0	0	0	0	4,753,989	3,478,294
Fixed assets	0	0	0	0	0	720,087	0	720,087	0
Accumulated depreciation	0	0	0	0	0	(414,922)	0	(414,922)	0
Amount to be provided for retirement of general long-term debt	0	0	0	0	0	0	91,487	91,487	0
Total Assets and Other Debits	\$ 41,622,653	9,954,346	19,453,002	1,511,025	287,251	305,165	91,487	73,224,929	66,670,146
LIABILITIES, EQUITY, AND OTHER CREDITS									
Liabilities:									
Accrued payroll	\$ 0	19,894	0	0	0	0	0	19,894	6,121
Employee fringe benefits payable	0	25,323	0	0	0	0	0	25,323	28,378
Accounts payable	2,309,961	1,654,821	0	83,118	0	0	0	4,047,900	1,692,585
Accrued leave liability	0	0	0	0	0	0	91,487	91,487	69,939
Deferred federal advances	1,874,831	0	0	0	0	0	0	1,874,831	1,874,831
Default aversion rebate allowance	0	300,000	0	0	0	0	0	300,000	0
Due to federal government	0	0	19,453,002	0	0	0	0	19,453,002	12,968,668
Due to schools	0	0	0	0	72,199	0	0	72,199	147,054
Due to lenders	0	0	0	0	38,317	0	0	38,317	52,992
Due to other funds	633,526	3,943,728	0	0	176,735	0	0	4,753,989	3,478,294
Total Liabilities	4,818,318	5,943,766	19,453,002	83,118	287,251	0	91,487	30,676,942	20,318,862
Equity and Other Credits:									
Investment in fixed assets	0	0	0	0	0	305,165	0	305,165	0
Fund balance	36,804,335	4,010,580	0	1,427,907	0	0	0	42,242,822	46,351,284
Total Equity and Other Credits	36,804,335	4,010,580	0	1,427,907	0	305,165	0	42,547,987	46,351,284
Total Liabilities, Equity, and Fund Balance	\$ 41,622,653	9,954,346	19,453,002	1,511,025	287,251	305,165	91,487	73,224,929	66,670,146

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DEPARTMENT OF HIGHER EDUCATION
 STATE GUARANTY STUDENT LOAN PROGRAM
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE
 YEAR ENDED JUNE 30, 2000

	Special Revenue Funds				Total (Memorandum Only)	
	Federal	Guaranty	Restricted	Restricted	Year Ended	
	Student Loan Reserve Fund	Agency Operating Fund	Reserve Fund	Interest Fund	June 30, 2000	June 30, 1999
REVENUES						
Guarantee fees	\$ 79,377	0	0	0	79,377	2,951,865
Federal reimbursements:						
Reinsurance	13,362,545	0	0	0	13,362,545	30,403,004
Administrative expense allowance	0	0	0	0	0	1,309,882
Loan processing and issuance fee	0	1,715,680	0	0	1,715,680	891,118
Account maintenance fee	0	1,931,341	0	0	1,931,341	1,580,589
Supplemental preclaims assistance	0	0	0	0	0	384,835
Interest income	2,152,207	388,833	856,960	0	3,398,000	3,105,983
Loan recoveries	0	27,327,758	0	0	27,327,758	27,787,828
Loan disbursements from banks	0	0	0	0	0	181,150,100
School returns	0	0	0	0	0	4,191,826
Miscellaneous	6,847	7,871	0	0	14,718	9,168
Total Revenues	15,600,976	31,371,483	856,960	0	47,829,419	253,766,198
EXPENDITURES						
Personal service	0	1,364,032	0	0	1,364,032	1,247,545
Employee fringe benefits	0	370,850	0	0	370,850	319,981
Expense and equipment	0	6,127,372	0	434,420	6,561,792	6,528,593
Defaulted loan purchases	33,281,354	0	0	0	33,281,354	46,824,843
Loan recovery reimbursements	0	0	0	0	0	4,222,210
Collection agency fees	0	4,107,638	0	0	4,107,638	2,666,188
Payments to federal government	0	0	6,484,334	0	6,484,334	6,484,334
Payments to schools	0	0	0	0	0	183,172,688
Payments to lenders	0	0	0	0	0	2,169,238
Bank charges	0	0	0	0	0	19,189
Total Expenditures	33,281,354	11,969,892	6,484,334	434,420	52,170,000	253,654,809
REVENUES OVER (UNDER) EXPENDITURES	(17,680,378)	19,401,591	(5,627,374)	(434,420)	(4,340,581)	111,389
OTHER FINANCING SOURCES (USES)						
Operating transfers:						
In	18,874,219	1,314,170	6,484,334	856,960	27,529,683	25,281,447
Out	(7,679,178)	(18,700,939)	(856,960)	0	(27,237,077)	(25,281,447)
Appropriations exercised by other state agencies	0	(130,426)	0	0	(130,426)	(104,625)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(6,485,337)	1,884,396	0	422,540	(4,178,401)	6,764
FUND BALANCE, JULY 1	43,289,672	2,056,245	0	1,005,367	46,351,284	46,344,520
PRIOR PERIOD ADJUSTMENT	0	69,939	0	0	69,939	0
ADJUSTED FUND BALANCE, JULY 1	43,289,672	2,126,184	0	1,005,367	46,421,223	46,351,284
FUND BALANCE, JUNE 30	\$ 36,804,335	4,010,580	0	1,427,907	42,242,822	46,340,407

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

DEPARTMENT OF HIGHER EDUCATION
 STATE GUARANTY STUDENT LOAN PROGRAM
 STATEMENT OF APPROPRIATIONS AND EXPENDITURES
 YEAR ENDED JUNE 30, 2000

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Lapsed Balances</u>
GUARANTY AGENCY OPERATING FUND			
Missouri Guaranteed Student Loan Program			
Personal Service and/or Expense and Equipment	\$ 7,566,481	7,543,521	22,960
FEDERAL STUDENT LOAN RESERVE FUND			
Purchase of defaulted loans, payment of default aversion fees, reimbursement to federal government, and investment of funds of the Federal Student Loan Reserve Fund	85,000,000	33,878,904	51,121,096
RESTRICTED INTEREST FUND			
Missouri Guaranteed Student Loan Program			
Personal Service and/or Expense and Equipment	1,000,002	434,420	565,582
Total All Funds	<u>\$ 93,566,483</u>	<u>41,856,845</u>	<u>51,709,638</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the State Guaranty Student Loan Program of the Department of Higher Education (DHE).

The Federal Student Loan Reserve Fund, Guaranty Agency Operating Fund, Restricted Reserve Fund, Restricted Interest Fund, and the Automated Transfer of Money (ATOM) Fund, presented in Exhibits A and B, are separate accounting entities, recording all assets, liabilities, equities, revenues, and expenses related to the funds' activities.

Expenses presented for any fund or program may not reflect the total cost of the related activity. Other direct and indirect costs provided by the department and other state agencies are not allocated to the applicable fund or program.

The "Total (Memorandum Only)" column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

Appropriations, presented in Exhibit C, are not separate accounting entities. They do not record the assets, liabilities, and equities of the related funds but are used only to account for and control the department's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the department and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The financial statements for the Federal Student Loan Reserve Fund, Guaranty Agency Operating Fund, Restricted Reserve Fund, Restricted Interest Fund, and the Automated Transfer of Money (ATOM) Fund, Exhibits A and B, are prepared in conformity with generally accepted accounting principles. The statements are presented on the modified accrual basis of accounting which recognizes revenues when they become both measurable and available to pay current liabilities and expenditures when the related liabilities are incurred.

Employees earn a specified number of vacation leave hours monthly, depending on the number of years employed. Accrued vacation leave cannot exceed the number of hours earned in two years. Compensatory time is accrued as it is earned by eligible employees under the Fair Labor Standards Act.

Upon termination, employees are paid accrued vacation leave and compensatory time. The accrued liability is recorded in the General Long-Term Debt Account Group. The accrued liability represents benefits accumulated but unused as of June 30 and is valued at the salary rates then in effect, including the state's share of related payments such as social security and medicare taxes.

Employees earn ten hours of sick leave monthly, with no limit on the number of hours that may be accrued. Since accrued sick leave is not paid to employees upon their termination, no related liability appears in the financial statements.

General fixed assets, which are recorded as an expenditure when acquired, are capitalized in the General Fixed Asset Account Group when the cost of the asset is greater or equal to \$1,000. These assets are then depreciated and shown on the Combined Balance Sheet, Exhibit A. A useful life of 36 months is used for technological assets (i.e. computers) and a life of 60 months is used for all other assets. Straight-line depreciation with no salvage value is the method of depreciation used for all capitalized assets.

The Statement of Appropriations and Expenditures, Exhibit C, is presented on the state's legal budgetary basis of accounting which recognizes expenditures on the encumbrance method. Expenditures include amounts payable or encumbered at June 30 and paid during the lapse period, which ends August 31. The authority to expend appropriations ends with the close of the lapse period. However, the General Assembly may authorize reappropriation of the unexpended balances of capital improvement appropriations for the following year. The General Assembly also may authorize biennial capital improvement appropriations, for which the unexpended balances at June 30 of the first year of the two-year period are reappropriated for expenditure during the second year.

The budgetary basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The department administers transactions in the funds listed below. The State Treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly except for the ATOM Fund, which is controlled entirely by the department.

SPECIAL REVENUE FUNDS:

Federal Student Loan Reserve Fund: This fund was created pursuant to the provisions of the Higher Education Act (HEA) of 1998 that requires guaranty agencies to account for transactions related to claim payment and default aversion activities in a separate fund. The legislation provides that the fund is the property of the United States government and may only be used to pay claims to lenders and pay default aversion fees to the Guaranty Agency Operating Fund.

Guaranty Agency Operating Fund: This fund was created pursuant to the provisions of the HEA of 1998 that requires guaranty agencies to account for operating revenues and expenditures in a separate fund. The legislation provides that the fund is the property of the guaranty agency and may be used to pay for the operations of the Federal Family Education Loan Program (FFELP) and other student assistance activities.

Restricted Reserve Fund: As described in Note 5 to the financial statements, this fund was established to comply with the requirements of the Balanced Budget Act of 1997 that amended the Higher Education Act of 1965. This fund represents monies which are restricted for eventual payment to the U.S. Treasury. Revenues include monies which the department earns on the investments of the reserve.

Restricted Interest Fund: This fund represents interest earned on the Restricted Reserve Fund and transferred to this fund. Interest monies are to be used solely for default prevention activities.

AGENCY FUND:

Automatic Transfer of Money (ATOM) Fund: The department serves as an escrow agent by disbursing student loan funds to schools on behalf of participating lenders. Revenues include guarantee fees charged to the lender and monies which the department earns on investment of the fund.

ACCOUNT GROUPS:

General Fixed Asset Account Group: This account group accounts for all fixed assets of the State Guaranty Student Loan Program.

General Long-Term Debt Account Group: This account group accounts for the long-term debt of the State Guaranty Student Loan Program which includes accrued leave liability.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, deferred compensation, and cafeteria plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. Also, the deferred compensation plan involves employee payroll deferrals and a monthly state matching contribution for each participating employee.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation plan match.

Employee fringe benefits in the financial statements at Exhibits A and B are the transfers from the Guaranty Agency Operating Fund for costs related to salaries paid from that fund. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit C.

The Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards* requires certain disclosures regarding public employee retirement systems and postemployment benefits such as health care and life insurance benefits provided to retired employees. Required disclosures for the state financial reporting entity are included in the State of Missouri Comprehensive Annual Financial Report issued by the Office of Administration.

2. Cash and Investments

The balances of the Federal Student Loan Reserve Fund, Guaranty Agency Operating Fund, Restricted Reserve Fund, and the Restricted Interest Fund are pooled with other state funds and invested by the State Treasurer.

Amounts in the ATOM Fund represent cash and investments which are in the custody of the department. The department has determined that a checking account and repurchase agreement are appropriate types of accounts and investments for its needs.

Deposits

The reported amount of the ATOM Fund's deposits was \$124 which was also the bank balance.

The ATOM Fund's deposits at June 30, 2000, were entirely covered by federal depository insurance or by collateral securities held by the program's custodial bank in the department's name.

Investments

The ATOM Fund's investment at June 30, 2000, was a repurchase agreement with a reported amount of \$287,127 and a bank balance and fair value of \$805,573.

Of the reported amount at June 30, 2000, \$287,127 represents investments that were held by an independent bank in the department's name.

3. Due from Federal Government - Reinsurance

This amount represents defaulted loan claims to be reimbursed by the U.S. Department of Education (USDE) at June 30, 2000, net of amounts due to the USDE for refunds of claims previously reimbursed, collections on defaulted loans, including administrative wage garnishments, collections on rehabilitated loans, and amounts received for loans paid in full through consolidation. The amount reimbursed by USDE for defaulted loan claims is considered to be "reinsurance" to the DHE since the agency has already purchased the defaulted loan from the lender, "insuring" the lender against further loss. Except for refunds of claims previously reimbursed, which are fully refundable to the USDE, federal regulations allow the DHE to retain a percentage of amounts collected. The percentages retained vary according to the type of collection and the reinsurance rate effective at the time of the claim payment. The difference between amounts collected and the DHE retention is due to the USDE, and is offset against amounts due to the agency from the USDE for reinsurance on defaulted loans.

For loans disbursed prior to October 1, 1993, the reinsurance agreement between the Coordinating Board for Higher Education (CBHE) and the Secretary of the USDE provides for reinsurance claims to be paid at 100 percent if the net default rate of the loan program is less than 5 percent of the total amount of loans in repayment at the end of the preceding federal fiscal year. For loans disbursed on or after October 1, 1993, the reinsurance agreement between the CBHE and the Secretary of the USDE provides for reinsurance claims to be paid at 98 percent if the net default rate of the loan program is less than 5 percent of the total amount of loans in repayment at the end of the preceding federal fiscal year. For loans disbursed on or after October 1, 1998, the reinsurance agreement between the CBHE and the Secretary of the USDE provides for reinsurance claims to be paid at 95 percent if the net default rate of the loan program is less than 5 percent of the total amount of loans in repayment at the end of the preceding federal fiscal year. If the net default rate exceeds 5 percent, USDE reimbursements for reinsurance are reduced. The following default rates occurred for the Missouri Student Loan Program:

<u>June 30,</u>	<u>Default Rate (%)</u>
2000	2.17
1999	2.85
1998	3.59
1997	4.08

4. Deferred Federal Advances

This amount represents advances from the USDE to supplement the fund balance which backs the department's loan guarantees. The USDE may require that the advances be repaid whenever the fund balance is determined adequate to back current outstanding loan guarantees. As of June 30, 2000, the principal amount was \$1,874,831.

5. Due to Federal Government

The Balanced Budget Act of 1997 amended the Higher Education Act of 1965 to require the U.S. Secretary of Education to recall approximately \$1 billion in funds from guaranty agencies. Under this provision, guaranty agencies are required to deposit a portion of their funds into restricted accounts for eventual transfer to the U.S. Treasury. The deposits into the restricted accounts are to be made in equal annual installments within 90 days after the beginning of federal fiscal years 1998 through 2002. All funds in the restricted accounts will be transferred to the U.S. Treasury on September 1, 2002. The following schedule represents deposits that have been or will be made to the restricted reserve fund:

<u>Fiscal Year</u>	<u>Deposit Amount</u>	<u>Cumulative Amount</u>
1998	\$ 6,484,334	\$ 6,484,334
1999	6,484,334	12,968,668
2000	6,484,334	19,453,002
2001	6,484,334	25,937,336
2002	6,484,334	32,421,670

6. Federal Reimbursements - Loan Processing and Issuance Fee

This amount represents an administrative fee paid by the USDE to the DHE that equals 0.65 percent of loans originated during the quarter. Payments are computed quarterly based on amounts reported to the National Student Loan Data System (NSLDS).

7. Federal Reimbursements - Account Maintenance Fee

This amount represents an administrative fee paid by the USDE to the DHE that equals 0.12 percent of outstanding loans. Payments are computed quarterly based upon amounts reported to the NSLDS.

8. Guarantor Servicer Fees

The DHE contracts with a guarantor servicer to provide accounting records, billings, application processing, loan maintenance, claims services, and collection services. Expense and equipment expenditures of the Guaranty Agency Operating Fund, as presented in Exhibit B, include guarantor servicer fees of \$ 3,980,152 for the year ended June 30, 2000.

In addition, the guarantor servicer performs collection activities on defaulted accounts for 120 days after default claim paid date. The servicer retains a portion of the amount collected as a collection fee. Collection agency fees expenditures of the Guaranty Agency Operating Fund, as presented in Exhibit B, include guarantor servicer commission fees of \$ 1,014,645 for the year ended June 30, 2000.

9. Default Aversion Contractor Fees

The DHE contracts with a company to provide default aversion and prevention procedures. Fees of \$ 1,067,383 paid to the default aversion contractor for the year ended June 30, 2000, are included in the expense and equipment expenditures of the Guaranty Agency Operating Fund as presented in Exhibit B.

10. Collection Agency Commissions

The DHE contracts with several collection agencies for collection services. The collection agencies keep a portion of collections as commission fees. The collection agency's commission fees, as included in the collection agency fees expenditures in Exhibit B, for the year ended June 30, 2000, were \$3,092,993.

11. Operating Transfers

A. Default Aversion Fee

The DHE collects a fee for preventing delinquent borrowers from defaulting. The DHE is eligible to collect a one-time fee on each loan where a lender files a Request for Default Aversion Assistance with the guaranty agency. The fee is calculated as 1 percent of the delinquent loan balance and may be transferred no more frequently than monthly from the Federal Student Loan Reserve Fund to the Guaranty Agency Operating Fund. Transfers in to the Guaranty Agency Operating Fund, as presented in Exhibit B, include default aversion fees of \$1,070,213 for the year ended June 30, 2000. If the DHE collects the fee on a loan that subsequently defaults, the DHE must rebate 1 percent of the loan balance at the time of claim payment to the Federal Student Loan Reserve Fund.

B. Account Maintenance Fee

In December 1999, the USDE allowed the DHE to transfer the account maintenance fee from the Federal Student Loan Reserve Fund to the Guaranty Agency Operating Fund instead of USDE paying the amount directly. Transfers in to the Guaranty Agency Operating Fund, as presented in Exhibit B, include this transfer of \$124,631.

C. ATOM Fund Interest

Interest monies earned on the ATOM Fund are transferred from the ATOM Fund to the Guaranty Agency Operating Fund. Transfers in to the Guaranty Agency Operating Fund, as presented in Exhibit B, include \$119,326 of ATOM interest.

D. Secretary's Equitable Share of Loan Recoveries

The Secretary's Equitable Share of Loan Recoveries is transferred from the Guaranty Agency Operating Fund to the Federal Student Loan Reserve Fund since all collections on defaulted loans are deposited in the Guaranty Agency Operating Fund upon receipt. Transfers in to the Federal Student Loan Reserve Fund, as presented in Exhibit B, include \$18,700,939 of secretary's equitable share of collections.

E. Guarantee Fees

Lenders were charged a 1 percent guarantee fee for all loans guaranteed by the Missouri Student Loan Program prior to July 1, 1999. The guarantee fees received in the ATOM Fund were transferred from the ATOM Fund to the Federal Student Loan Reserve Fund. Transfers in to the Federal Student Loan Reserve Fund, as presented in Exhibit B, include \$173,280 of guarantee fees.

F. Federal Liability

Transfers in to the Restricted Reserve Fund, as presented in Exhibit B, include \$6,484,334 for the federal recall liability as discussed in Note 5.

G. Restricted Interest

Transfers in to the Restricted Interest Fund, as presented in Exhibit B, represent interest earned on the Restricted Reserve Fund.

12. Due To Other Funds and Due From Other Funds

The amounts due to and due from other funds, as presented in Exhibit A, include the following:

<u>Fees</u>	<u>Due To</u>	<u>Due From</u>
Default Aversion Fees of \$633,526	Guaranty Agency Operating Fund	Federal Student Loan Reserve Fund
ATOM Fund Interest of \$3,455	Guaranty Agency Operating Fund	ATOM Fund

Secretary's Equitable Share of Loan Recoveries of \$3,922,050	Federal Loan Reserve Fund	Student Loan Reserve Fund	Guaranty Agency Operating Fund
Guarantee Fees of \$173,280	Federal Loan Reserve Fund	Student Loan Reserve Fund	ATOM Fund
State Treasurer's Interest of \$21,678	Federal Loan Reserve Fund	Student Loan Reserve Fund	Guaranty Agency Operating Fund

13. Appropriations Exercised by Other State Agencies

The Missouri General Assembly made appropriations from the Guaranty Agency Operating Fund for the loan program's proportionate share of the department's rental payments. These appropriations are administered by the Office of Administration, Division of Facilities Management. An additional \$30,000 was appropriated from the fund to cover the cost of cubicles located in the building rented.

14. Escheatment Funds

The guarantor servicer maintains an escheatment account which includes old outstanding checks and some old borrower payments which cannot be processed because of insufficient information. These funds are the property of the State Guaranty Student Loan Program and totaled \$44,713 at June 30, 2000. These monies are not included in the financial statements.

15. Changes in General Fixed Assets

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Cost of Assets	\$ 663,453	163,084	106,450	720,087
Less-Accumulated depreciation	(380,815)	(137,771)	(103,664)	(414,922)
Total General Fixed Assets Account Group, Net of Depreciation	\$ 282,638	25,313	2,786	305,165

16. Changes in General Long-Term Debt

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Compensated Absences	\$ 80,816	25,313	13,829	91,487

17. Prior Period Adjustment

The Guaranty Agency Operating Fund balance has been increased by \$69,939. The accrued leave liability is now reported separately in the General Long-Term Debt Account Group.

18. Allowance for Default Aversion Rebate

When the DHE collects default aversion fees on loans that subsequently default, the DHE must rebate 1 percent of the loan balance at the time of claim payment to the Federal Student Loan Reserve Fund. The DHE calculated an allowance for the default aversion rebate expenses that they may incur.

19. ATOM Fund Revenues and Expenditures

Revenues and Expenditures of the ATOM Fund are:

REVENUES:

Guarantee fees	\$ 173,280
Interest income	139,508
Loan disbursements from banks	186,488,510
School returns	<u>4,782,943</u>
	<u>191,584,241</u>

EXPENDITURES:

Payments to schools	189,311,340
Payments to lenders	1,960,113
Bank charges	<u>20,182</u>
	<u>191,291,635</u>

OTHER FINANCING USES:

Operating transfers out	<u>(292,606)</u>
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REVENUES OVER(UNDER)
EXPENDITURES AND OTHER
FINANCING USES

\$ 0

20. Reconciliation of Total Expenditures to Appropriated Expenditures

Total expenditures for the Guaranty Agency Operating Fund, Federal Student Loan Reserve Fund, and Restricted Interest Fund on Exhibit B reconcile to appropriated expenditures on Exhibit C as follows:

	Year Ended June 30, <u>2000</u>	
TOTAL GUARANTY AGENCY OPERATING FUND, FEDERAL STUDENT LOAN RESERVE FUND, AND RESTRICTED INTEREST FUND		
EXPENDITURES PER EXHIBIT B	\$	45,685,666
Employee fringe benefits		(370,850)
Loan processing and issuance fee transfer		124,631
Default aversion fees		473,093
Prior accounts payable adjustment		(174)
Guarantor servicer commissions		(1,014,645)
Collection agency commissions		(3,092,993)
Other unidentified adjustments		<u>52,117</u>
EXPENDITURES PER EXHIBIT C	\$	<u><u>41,856,845</u></u>

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the State Guaranty Student Loan Program of the Department of Higher Education as of and for the year ended June 30, 2000, and have issued our report thereon dated February 15, 2001.

The following Management Advisory Report presents our finding and recommendation arising from our audit of the program's financial statements.

Fixed Assets

For the year ended June 30, 2000, the State Guaranty Student Loan Program of the Department of Higher Education had approximately \$720,000 in fixed assets. Our review of the program's fixed asset records and procedures indicated the following areas where improvements are needed:

- A. The detailed fixed asset records are not complete. The department did not record any fixed asset additions or dispositions on the detailed fixed asset listing for the year ended June 30, 2000. Recording additions and dispositions as they occur would allow for a complete and up-to-date record of fixed assets. The Code of State Regulations, at 15 CSR 40-2.031, requires that fixed asset control records contain the identification number; description of item; acquisition cost; date of acquisition; estimated useful life at date of acquisition; physical location; and method and date of disposition for each fixed asset.

In addition, property records are not maintained in a manner that allows beginning balances, additions, and dispositions for each year to be reconciled to balances at the end of each year.

- B. Reconciliations between fixed asset purchases recorded on the Statewide Advantage for Missouri (SAM II) expenditure reports and additions to the fixed assets records are not performed. Performing these reconciliations would provide assurance that fixed asset items purchased are properly included in the property records and controlled.
- C. Some fixed assets are not properly numbered, tagged, or otherwise identified as the department's property. The Code of State Regulations, at 15 CSR 40-2.031, requires each fixed asset item to be identified by a sequential number system including a numbered tag. In addition, the code requires that property items under the threshold amounts to have a tag designating ownership affixed to the item. Property control tags should be affixed to all fixed asset items to help improve

accountability and to ensure that assets are properly identified as department property.

- D. Fixed asset duties are not adequately segregated. The same individual performs the annual inventory and maintains the records of fixed assets. To provide internal control and to properly safeguard assets from theft or misuse, the annual physical inventory should be performed by an individual(s) independent of the custodial and record keeping functions.

Adequate general fixed asset records and procedures are necessary to provide internal control over assets and to ensure proper valuation of assets.

WE RECOMMEND the DHE:

- A. Properly maintain the general fixed asset records on a current basis by recording all additions and dispositions as they occur and in accordance with state regulations. In addition, the DHE should maintain fixed asset records in a manner that allows balances to be reconciled from period to period (ie. beginning balance, plus additions, less dispositions, equals ending balance).
- B. Perform reconciliations of fixed asset additions to equipment purchases per the SAM II system reports.
- C. Ensure all fixed assets are properly tagged or identified as DHE owned property in accordance with state regulations.
- D. Ensure an individual independent of the record keeping function performs the physical inventory.

AUDITEE'S RESPONSE

We agree with these recommendations. The problems noted were exacerbated by staff turnover in the accounting area and the state's conversion to the SAM II system. We are in the process of recruiting a Director of Accounting and Personnel Services who will be responsible for developing the procedures necessary to implement the recommendations. Our target for implementing the recommendations is within six months of hiring the new Director of Accounting and Personnel Services.

This report is intended for the information of the management of the State Guaranty Student Loan Program of the Department of Higher Education and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the State Guaranty Student Loan Program of the Department of Higher Education on findings in the Management Advisory Report (MAR) of our prior audit report issued for the year ended June 30, 1999.

Default Aversion Assistance

- A. The DHE received default aversion fees for providing default aversion activities on delinquent loans. The DHE experienced difficulties implementing a revision to its default aversion billing process, which caused some loans to be billed more than once.
- B. The DHE utilized their loan program servicer to provide preclaims assistance activities. Allowing the loan servicer to provide preclaims assistance while servicing and collecting on the same loans appeared to be a conflict of interest under the final laws and regulations, 34 CFR, Part 682.404. The DHE had not established procedures to ensure the loan program servicer did not perform collection activities on those loans in the future.

Recommendation:

The DHE:

- A. Consult with the USDE and establish procedures to ensure default aversion billings are accurate and complete. In addition, adjustments should be made to correct the duplicate billings.
- B. Resolve the issue concerning the prohibition against conflicts with the USDE.

Status:

A&B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

In 1978, the Missouri General Assembly created the Missouri Student Loan Program (MSLP) to administer the Federal Family Education Loan Program (FFELP) in the state of Missouri on behalf of the Coordinating Board for Higher Education (CBHE). The CBHE has statutory authority to oversee the MSLP and to act as the guaranty agency for the FFELP. In this capacity, the CBHE, acting through the MSLP, guarantees loans made to students by eligible lending institutions.

During the first state fiscal year of operations, the CBHE guaranteed \$15,524,850 in FFELP loans to 7,289 borrowers. In contrast, as of June 30, 2000, the cumulative volume of loans guaranteed was \$3,762,670,452, representing 1,341,125 in FFELP loans. Included in this total is \$1,860,653,588 in outstanding loans.

The FFELP was created by the Higher Education Act of 1965, which is reauthorized by Congress every five years. There are currently four types of loans available to eligible borrowers under the FFELP:

- Subsidized Federal Stafford Loan
- Unsubsidized Federal Stafford Loan
- Parent Loan for Undergraduate Students
- Federal Consolidation Loan

Subsidized Federal Stafford Loans are need-based loans available to eligible undergraduate and graduate students. Generally, the federal government pays interest on the loan as long as the borrower is enrolled at least half-time and during the borrower's six-month grace period and authorized deferment periods.

Unsubsidized Federal Stafford Loans have the same terms and conditions as Subsidized Stafford Loans except that they are not need-based, and the borrower is responsible for all interest payments.

Parent Loans for Undergraduate Students (PLUS) allow parents to borrow guaranteed loans for dependent students. PLUS borrowers are responsible for all interest, and repayment generally begins within 60 days from the time the loan is fully disbursed.

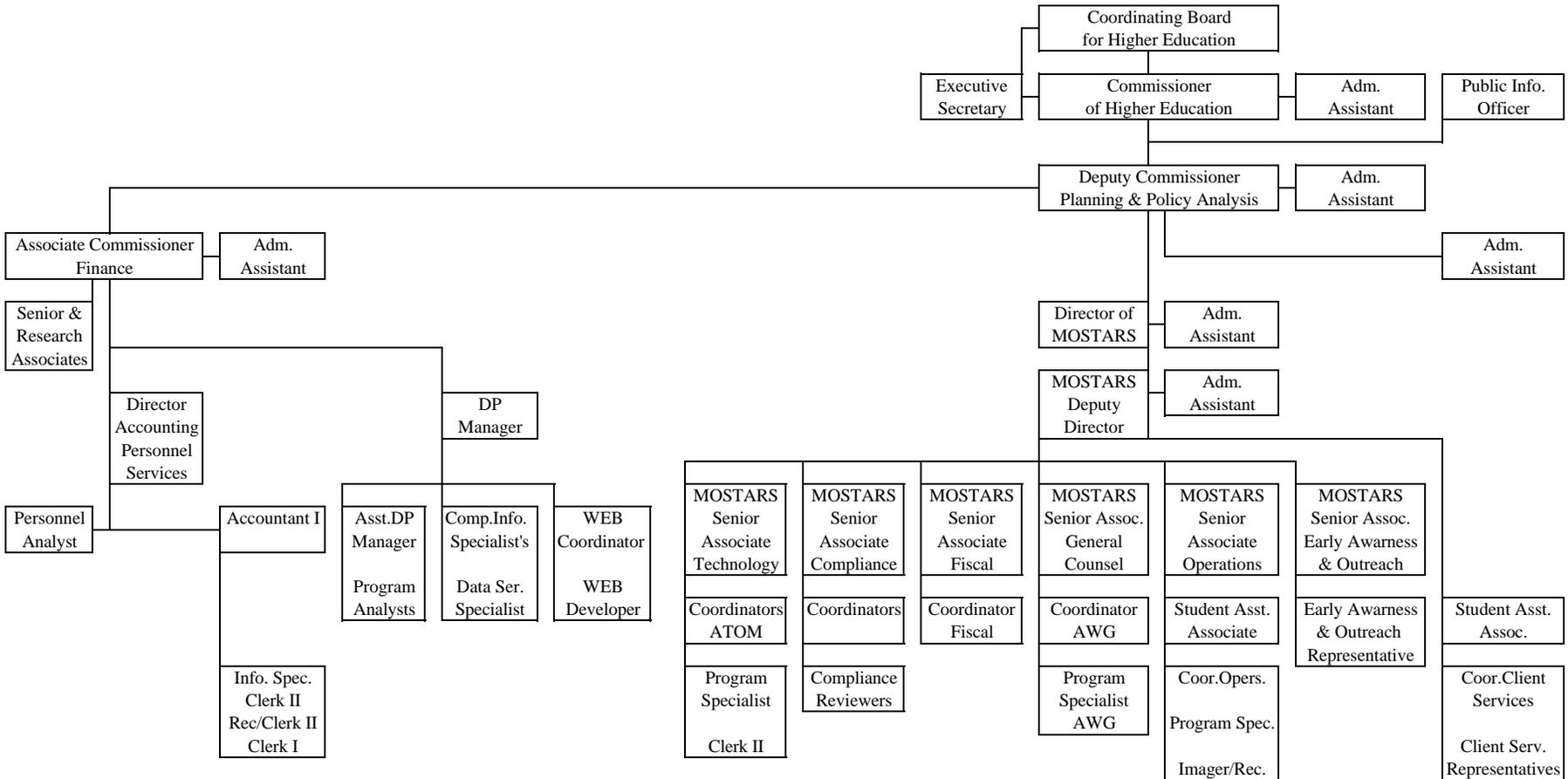
Federal Consolidation Loans are available to borrowers who wish to combine existing student loans into one new loan. Generally, this results in lower monthly payments but higher total interest costs.

In August 1995, the department established the Automated Transfer of Money (ATOM) fund in an effort to aid schools by streamlining the delivery of Missouri student loan funds. By serving as an escrow agent, the department disburses student loan funds to schools on behalf of the

participating lenders. As of June 30, 2000, the cumulative volume of disbursements to schools was 454,647 disbursements totaling \$751,807,609. Currently, there are 80 participating lenders and over 400 schools that receive the loan disbursements.

In October 1997, the CBHE approved a new organizational structure to combine the administration of the Missouri grant, scholarship, and federal loan programs into one student assistance area. The new division was named Missouri Student Assistance Resource Services (MOSTARS). MOSTARS was created as a “one stop shop” which, in coordination with high school counselors and college and university financial aid offices, provides resources and information to ensure that Missouri citizens have an opportunity to finance postsecondary education. MOSTARS employs approximately fifty-one full-time equivalent employees.

DEPARTMENT OF HIGHER EDUCATION
 STATE GUARANTY STUDENT LOAN PROGRAM
 ORGANIZATION CHART
 JUNE 30, 2000



DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM
PROGRAM STATISTICS
LOANS GUARANTEED

FEDERAL SUBSIDIZED STAFFORD STUDENT LOAN PROGRAM (SSLP)

<u>Year Ended September 30,</u>	<u>Loans Guaranteed During Year</u>	<u>Total Loans Guaranteed to Date</u>	<u>Average Size of Loan Guaranteed</u>
1986 and prior	\$ 824,126,957	824,126,957	2,236
1987	109,860,344	933,987,301	2,290
1988	95,710,975	1,029,698,276	2,304
1989	104,304,308	1,134,002,584	2,318
1990	123,392,544	1,257,395,128	2,336
1991	150,441,323	1,407,836,451	2,359
1992	162,633,091	1,570,469,542	2,386
1993	187,700,329	1,758,169,871	2,431
1994	218,830,241	1,977,000,112	2,494
1995	161,814,986	2,138,815,098	2,529
1996	130,748,319	2,269,563,417	2,558
1997	149,205,698	2,418,769,115	2,590
1998	185,261,639	2,604,030,754	2,630
1999	190,388,523	2,794,419,277	2,670
2000	204,359,788	2,998,779,065	2,700

FEDERAL UNSUBSIDIZED STAFFORD STUDENT LOAN PROGRAM (USSLP)

<u>Year Ended September 30,</u>	<u>Loans Guaranteed During Year</u>	<u>Total Loans Guaranteed to Date</u>	<u>Average Size of Loan Guaranteed</u>
1993	\$ 13,695,823	13,695,823	2,320
1994	55,230,171	68,925,994	2,920
1995	66,408,588	135,334,582	2,933
1996	57,314,322	192,648,904	2,967
1997	73,907,196	266,556,100	3,034
1998	103,112,219	369,668,319	3,146
1999	120,416,869	490,085,188	3,244
2000	139,234,683	629,319,871	3,326

FEDERAL PARENT LOANS FOR UNDERGRADUATE STUDENTS PROGRAMS (PLUS)

<u>Year Ended September 30,</u>	<u>Loans Guaranteed During Year</u>	<u>Total Loans Guaranteed to Date</u>	<u>Average Size of Loan Guaranteed</u>
1986 and prior	\$ 9,892,008	9,892,008	2,658
1987	3,017,208	12,909,216	2,684
1988	4,367,589	17,276,805	2,773
1989	6,286,876	23,563,681	2,847
1990	8,471,120	32,034,801	2,917
1991	11,230,270	43,265,071	2,978
1992	13,428,488	56,693,559	3,029
1993	13,371,943	70,065,502	3,190
1994	11,522,861	81,588,363	6,285
1995	11,218,115	92,806,478	3,390
1996	9,359,878	102,166,356	3,481
1997	12,683,865	114,850,221	3,612
1998	19,340,718	134,190,939	3,790
1999	22,704,277	156,895,216	3,981
2000	27,624,226	184,519,442	4,195

FEDERAL SUPPLEMENTAL LOANS TO STUDENT PROGRAMS (SLS)

<u>Year Ended September 30,</u>	<u>Loans Guaranteed During Year</u>	<u>Total Loans Guaranteed to Date</u>	<u>Average Size of Loan Guaranteed</u>
1986 and prior	\$ 18,041,953	18,041,953	2,775
1987	5,480,183	23,522,136	2,789
1988	6,939,321	30,461,457	2,792
1989	9,759,342	40,220,799	2,752
1990	12,441,963	52,632,762	2,753
1991	21,234,781	73,867,543	2,877
1992	24,603,045	98,470,588	2,892
1993	28,337,468	126,808,056	2,940
1994	21,145,273	147,953,329	2,962
1995	13,212	147,966,541	2,962
**			

** No new SLS loans were made on or after July 1, 1994.

TOTAL LOANS GUARANTEED

Year Ended September 30,	Loans Guaranteed During Year	Total Loans Guaranteed to Date
1986 and prior	\$ 852,060,918	852,060,918
1987	118,357,735	970,418,653
1988	107,017,885	1,077,436,538
1989	120,350,526	1,197,787,064
1990	144,275,627	1,342,062,691
1991	182,906,374	1,524,969,065
1992	200,664,624	1,725,633,689
1993	243,105,563	1,968,739,252
1994	306,728,546	2,275,467,798
1995	239,454,901	2,514,922,699
1996	197,422,519	2,712,345,218
1997	235,796,759	2,948,141,977
1998	307,714,576	3,255,856,553
1999	333,509,669	3,589,366,222
2000	371,218,697	3,960,584,919

DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM
PROGRAM STATISTICS
DEFAULT CLAIMS PAID

		<u>Stafford</u>	<u>PLUS</u>	<u>SLS</u>	<u>Unsubsidized Stafford</u>
AS OF JUNE 30, 1998	\$	328,682,607	5,163,157	32,429,300	9,393,379
Default claims paid during fiscal year 1999		<u>28,242,558</u>	<u>666,585</u>	<u>3,144,924</u>	<u>6,888,398</u>
AS OF JUNE 30, 1999		356,925,165	5,829,742	35,574,224	16,281,777
Default claims paid during fiscal year 2000		<u>12,639,398</u>	<u>340,919</u>	<u>1,002,801</u>	<u>5,418,129</u>
AS OF JUNE 30, 2000	\$	<u><u>369,564,563</u></u>	<u><u>6,170,661</u></u>	<u><u>36,577,025</u></u>	<u><u>21,699,906</u></u>

Defaulted loans represent loans which became delinquent and which the state purchased from the lender. Bankruptcy, death, and disability claims are excluded.

SERVICE FEES

During the audit period, Guarantec administered the loan program for the department. The loan servicer is compensated on a fee-per-transaction basis. Guarantec's billing rates for the period July 1, 1999 to June 30, 2000 were:

<u>Service</u>	<u>Rate</u>	
Mandatory Services		
Electronic Application Guarantee	\$ 3.55	per transaction
Hard Copy Application	5.46	per transaction
Outstanding Loans - In School and In Grace	0.22	per loan
Outstanding Loans - In Repayment	0.56	per loan
Loan Delinquency Brought Current	4.37	per loan
Claim Paid	54.64	per transaction
Optional Services		
Application/Promissory Note Generated and Mailed	1.91	per transaction
Credit Check on PLUS	5.46	per transaction

The following loan amounts were outstanding at June 30, 2000 and 1999:

	June 30,	
	<u>2000</u>	<u>1999</u>
Stafford	\$ 1,175,196,491	1,147,221,774
Unsubsidized Stafford	402,767,313	317,016,498
PLUS	92,853,075	81,793,980
SLS	38,175,963	45,117,618
Consolidated	151,633,977	160,731,342
Refinanced	26,769	26,769
Total	\$ <u>1,860,653,588</u>	<u>1,751,907,981</u>

DEPARTMENT OF HIGHER EDUCATION
 STATE GUARANTY STUDENT LOAN PROGRAM
 PROGRAM STATISTICS
 PORTFOLIO MIX

	Year Ended September 30,		
	2000 Portfolio Mix <u>Percentages</u>	1999 Portfolio Mix <u>Percentages</u>	1998 Portfolio Mix <u>Percentages</u>
Public	34.2 %	33.0 %	35.8 %
Private	52.9	53.4	50.4
Proprietary	10.8	11.1	10.6
Other (includes professional, vocational technical, theological, and out-of-state)	2.1	2.5	3.2
Total	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

The State Guaranty Student Loan Program monitors the program to ensure that a desirable mix is maintained.

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